



Harris & Associates<sup>SM</sup>

SHAPING THE FUTURE ONE PROJECT AT A TIME<sup>SM</sup>

# Preliminary Engineer's Report

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for

## Underground Utility Assessment District No. 120 (Santa Ana Avenue & Cliff Drive)

Prepared under the provisions of the  
Municipal Improvement Act of 1913

For the

**City of Newport Beach**  
County of Orange, California

January 25, 2021

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**AGENCY: CITY OF NEWPORT BEACH**

**PROJECT: ASSESSMENT DISTRICT NO. 120**

**TO: CITY COUNCIL**

**ENGINEER'S "REPORT" PURSUANT TO THE  
PROVISIONS OF SECTIONS 2961 AND 10204  
OF THE STREETS AND HIGHWAYS CODE**

The purposes of this Assessment District is to provide financing to underground power, telephone and cable facilities in the area generally along Santa Ana Avenue and Cliff Drive between Old Newport Boulevard and Cliff Drive. The proposed underground utility improvements will provide conversion to an upgraded utility system and will enhance neighborhood aesthetics, safety, reliability and views of the marina and Pacific Ocean.

The construction of these improvements will conform to existing City of Newport Beach, Southern California Edison, AT&T and Spectrum standards. The proposed improvements are of special and direct benefit to the properties within the boundary of the proposed assessment district.

Pursuant to the provisions of Article XIID of the State Constitution, Part 7.5 of the "Special Assessment Investigation, Limitation and Majority Protest Act of 1931", being Division 4 of the Streets and Highways Code of the State of California, and the "Municipal Improvement Act of 1913", being Division 12 of said Code, and the Resolution of Intention, adopted by the City Council of the CITY OF NEWPORT BEACH, State of California, in connection with the proceedings for Underground Utility Assessment District No. 120 (hereinafter referred to as the "Assessment District"), I, Alison M. Bouley, P.E., a Registered Professional Engineer and authorized representative of Harris & Associates, the duly appointed Engineer of Work, herewith submits the "Report" for the Assessment District, consisting of six (6) parts as stated below.

**PART I**

This part contains the plans and specifications which describe the general nature, location and extent for the proposed improvements to be constructed, and are filed herewith and made a part hereof. Said plans and specifications are on file in the Office of the Superintendent of Streets.

**PART II**

This part contains an estimate of the cost of the proposed improvements, including capitalized interest, if any, incidental costs and expenses in connection therewith as set forth herein and attached hereto.

**PART III**

This part consists of the following information:

- A. A proposed assessment of the total amount of the costs and expenses of the proposed improvements upon the several subdivisions of land within the Assessment District, in proportion to the special benefits to be received by such subdivisions from said improvements, which is set forth upon the assessment roll filed herewith and made a part hereof.



- B. The total amount, as near as may be determined, of the total principal sum of all unpaid special assessments previously levied and special assessments required or proposed to be levied under any completed or pending assessment proceedings, other than that contemplated for the Assessment District, which would require an investigation and report under the "Special Assessment Investigation, Limitation and Majority Protest Act of 1931" against the total area proposed to be assessed; and
- C. The total true value, determined from the latest Assessor's roll, of the parcels of land and improvements which are proposed to be assessed.

#### **PART IV**

This part contains the proposed maximum annual administrative assessment to be levied upon each subdivision or parcel of land within the Assessment District to pay the costs incurred by the CITY OF NEWPORT BEACH, and not otherwise reimbursed, resulting from the administration and collection of assessments, from the administration and registration of any associated bonds and reserve or other related funds, or both.

#### **PART V**

This part contains a map showing the boundaries of the Assessment District, and a diagram showing the Assessment District, the boundaries and the dimensions of the subdivisions of land within said Assessment District, as the same existed at the time of the passage of the Resolution of Intention. The Boundary Map and Assessment Diagram are filed herewith and made a part hereof, and part of the assessment.

#### **PART VI**

This part shall consist of the following information:

- A. Description of facilities
- B. Right-of-Way Certificate
- C. Environmental Certificate

This report is submitted on January 25, 2021.

HARRIS & ASSOCIATES



ALISON M. BOULEY, P.E.  
R.C.E. No. C61383  
ENGINEER OF WORK  
CITY OF NEWPORT BEACH  
STATE OF CALIFORNIA



Preliminary approval by the CITY COUNCIL of the CITY OF NEWPORT BEACH, CALIFORNIA,  
on the \_\_\_\_ day of \_\_\_\_\_, 2021.

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CITY CLERK  
CITY OF NEWPORT BEACH  
STATE OF CALIFORNIA

Final approval by the CITY COUNCIL of the CITY OF NEWPORT BEACH, CALIFORNIA, on the  
\_\_\_\_ day of \_\_\_\_\_, 2021.

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CITY CLERK  
CITY OF NEWPORT BEACH  
STATE OF CALIFORNIA



## Part I Plans and Specifications

The plans and specifications to construct the utility undergrounding improvements, and any ancillary improvements thereof, for the area generally described as Underground Utility Assessment District No. 120, (Santa Ana Avenue & Cliff Drive), describe the general nature, location and extent of the improvements for this Assessment District are referenced herein and incorporated as if attached and a part of this Report.

A preliminary layout of the improvements is shown on the assessment diagram. Final plans and specifications will be prepared by the City in conjunction with the utility companies and will be on file in the office of the Superintendent of Streets when completed.

**Part II  
 Cost Estimate**

	<u>Length in ft.</u>	<u>CALCULATION</u> Cost per ft.	<u>Final Estimate</u>
<u>Utility Engineering &amp; Construction</u>			
Southern California Edison <sup>1</sup>	1,950	\$50	\$97,500.00
AT&T	1,950	\$30	\$58,500.00
Civil Utility Construction Cost	1,950	\$410	<u>\$799,500.00</u>
			\$955,500.00
Contingency 15.0%			\$143,000.00
<b>TOTAL CONSTRUCTION</b>			<b>\$1,098,500.00</b>
 <u>INCIDENTIAL EXPENSES:</u>			
Assessment Engineering			\$75,000.00
Contract Inspection			\$25,000.00
City Administration			\$50,000.00
Financial Advisor			\$25,000.00
Bond and Disclosure Counsel			\$40,000.00
Placement Agent and Purchaser Counsel			\$25,000.00
Special Tax Consultant			\$6,000.00
Fiscal Agent			\$4,500.00
Printing, Advertising, Notices			\$3,500.00
Miscellaneous			<u>\$2,500.00</u>
Subtotal Incidental Expenses			\$256,500.00
Construction			<u>\$1,098,500.00</u>
Subtotal Incidental & Construction			<u>\$1,355,000.00</u>
 <u>FINANCIAL COSTS</u>			
Bond Reserve		5.0%	\$72,000.00
Capitalized Interest - 5.0% for 6 Months		1.3%	\$18,000.00
Subtotal & Financial Costs		<u>6.3%</u>	<u>\$90,000.00</u>
 <b>TOTAL ESTIMATE</b>			 <b><u>\$1,445,000.00</u></b>

Notes:

<sup>1</sup> Southern California Edison Utility Engineering & Construction Cost includes a credit for the salvage of the existing overhead utility system.

No amount has been included for the Income Tax Component of Contribution (ITCC). Since the project will be funded by tax exempt bonds it is assumed that this tax will not be imposed for the improvements which are being funded. If the tax is imposed, a supplemental assessment would be needed. The ITCC tax could be up to 30% of the construction cost.



### **Part III Assessment Roll and Method of Assessment Spread**

WHEREAS, on February 9, 2021 the City Council of the CITY OF NEWPORT BEACH, State of California, did, pursuant to the provisions of the 1913 Act "Municipal Improvement Act of 1913", being Division 12 of the Streets and Highways Code, of the State of California, adopt its Resolution of Intention No. 2021-XX, for the installation and construction of certain public improvements, together with appurtenances and appurtenant work in connection therewith, in a special assessment district known and designated as ASSESSMENT DISTRICT NO. 120 (hereinafter referred to as the "Assessment District"); and

WHEREAS, said Resolution of Intention, as required by law, did direct the Engineer of Work to make and file a "Report", consisting of the following as required by Section 10204 of the Act:

- a. Plans and Specifications;
- b. A general description of works or appliances already installed and any other property necessary or convenient for the operation of the improvement, if the works, appliances, or property are to be acquired as part of the improvement;
- c. Cost Estimates;
- d. Assessment Diagram showing the Assessment District and the subdivisions of land therein;
- e. A proposed assessment of the costs and expenses of the works of improvement levied upon the parcels within the boundaries of the Assessment District;
- f. The proposed maximum annual assessment to be levied upon each subdivision or parcel of land within the Assessment District to pay the costs incurred by the City and not otherwise reimbursed resulting from the administration and collection of assessments or from the administration and registration of any associated bonds and reserve or other related funds.

For particulars, reference is made to the Resolution of Intention as previously adopted.

NOW, THEREFORE, I, Alison M. Bouley, P.E., the authorized representative of HARRIS & ASSOCIATES, pursuant to Article XIID of the California Constitution and the "Municipal Improvement Act of 1913", do hereby submit the following:

1. Pursuant to the provisions of law and the Resolution of Intention, I have assessed the costs and expenses of the works of improvement to be performed in the Assessment District upon the parcels of land in the Assessment District specially benefited thereby in direct proportion and relation to the special benefits to be received by each of said parcels. For particulars as to the identification of said parcels, reference is made to the Assessment Diagram, a copy of which is attached hereto and incorporated herein.
2. As required by law, a Diagram is hereto attached, showing the Assessment District, as well as the boundaries and dimensions of the respective parcels and subdivisions of land within said District as the same existed at the time of the passage of said Resolution of Intention, each of which subdivisions of land or parcels or lots respectively have been given a separate number upon said Diagram and in said Assessment Roll.

3. The subdivisions and parcels of land the numbers therein as shown on the respective Assessment Diagram as attached hereto correspond with the numbers as appearing on the Assessment Roll as contained herein.
4. NOTICE IS HEREBY GIVEN that bonds will be issued in accordance with Division 10 of the Streets and Highways Code of the State of California (the "Improvement Bond Act of 1915"), to represent all unpaid assessments, which bonds shall be issued in one or more series, each with a term not to exceed the legal maximum term as authorized by law, THIRTY-NINE (39) YEARS from the 2nd day of September next succeeding twelve (12) months from their date. Said bonds shall bear interest at a rate not to exceed the current legal maximum rate of 12% per annum.
5. By virtue of the authority contained in said "Municipal Improvement Act of 1913", and by further direction and order of the legislative body, I hereby recommend the following Assessment to cover the costs and expenses of the works of improvement for the Assessment District based on the costs and expenses as set forth below:

	<b>As Preliminarily Approved</b>	<b>As Confirmed</b>
Estimated Cost of Design and Construction:	\$ 1,098,500.00	
Estimated Incidental Expenses:	\$ 256,500.00	
Estimated Financial Costs:	\$ 90,000.00	
Estimated Contribution:	\$0.00	
<b>Estimated Total Assessment:</b>	<b>\$1,445,000.00</b>	<b>\$0.00</b>

For particulars as to the individual assessments and their descriptions, reference is made to Table 1 (Assessment Roll) attached hereto.

6. The Method of Spread of Assessment is as set forth in the exhibit identified as Part III (Exhibit 1), which is attached hereto, referenced and so incorporated.



**Table 1**  
**Assessment Roll**

Asmnt No.	Assessor's Parcel Number	Total True Value	Existing Liens	Assessments as Preliminarily Approved	Assessments as Confirmed and Recorded	Value to Lien Ratio
1	049-110-01	\$ 793,649.00	\$ -	\$ 38,329.34	\$ -	21
2	425-383-19	\$ 1,850,259.00	\$ -	\$ 64,630.05	\$ -	29
3	425-383-18	\$ 1,421,072.00	\$ -	\$ 61,255.19	\$ -	23
4	425-383-17	\$ 878,351.00	\$ -	\$ 61,414.56	\$ -	14
5	425-383-16	\$ 1,746,727.00	\$ -	\$ 60,598.96	\$ -	29
6	425-383-15	\$ 1,011,217.00	\$ -	\$ 62,723.88	\$ -	16
7	425-383-14	\$ 1,082,672.00	\$ -	\$ 62,883.25	\$ -	17
8	425-383-13	\$ 1,716,660.00	\$ -	\$ 62,883.25	\$ -	27
9	425-383-12	\$ 1,683,000.00	\$ -	\$ 62,880.13	\$ -	27
10	425-383-20	\$ 1,624,937.00	\$ -	\$ 62,883.25	\$ -	26
11	425-383-21	\$ 2,263,970.00	\$ -	\$ 62,880.13	\$ -	36
12	425-383-10	\$ 2,300,000.00	\$ -	\$ 31,441.62	\$ -	73
13	425-383-09	\$ 706,607.00	\$ -	\$ 31,441.62	\$ -	22
14	049-101-05	\$ 1,329,468.00	\$ -	\$ 44,564.57	\$ -	30
15	049-101-06	\$ 843,908.00	\$ -	\$ 44,955.18	\$ -	19
16	049-101-07	\$ 3,282,627.00	\$ -	\$ 44,955.18	\$ -	73
17*	049-101-08	\$ 1,706,677.75	\$ -	\$ 69,208.01	\$ -	25
18	049-101-09	\$ 1,370,708.00	\$ -	\$ 69,208.01	\$ -	20
19	049-102-04	\$ 1,694,041.00	\$ -	\$ 33,780.60	\$ -	50
20	049-103-08	\$ 1,577,547.00	\$ -	\$ 83,504.34	\$ -	19
21	049-103-03	\$ 1,274,135.00	\$ -	\$ 68,636.79	\$ -	19
22	049-103-02	\$ 2,245,731.00	\$ -	\$ 100,583.71	\$ -	22
23	049-103-01	\$ 3,246,239.00	\$ -	\$ 159,358.38	\$ -	20
<b>Total</b>		<b>\$ 37,650,202.75</b>	<b>\$ -</b>	<b>\$ 1,445,000.00</b>	<b>\$ -</b>	

\* Total True Value estimated by taking the average assessed improvement value of Assessment Nos. 14-16 & 18 and adding the average land value of Assessment Nos. 14-16 & 18 which are similar in size and location and deemed to be a fair representation of Assessment No.17.



**Table 2**  
**Debt Limit Valuation**

A. ESTIMATED BALANCE TO ASSESSMENT	\$1,445,000
B. UNPAID SPECIAL ASSESSMENTS	\$0 *
TOTAL A & B	\$1,445,000
C. TRUE VALUE OF PARCELS	\$37,650,203 **
AVERAGE VALUE TO LIEN RATIO	26 :1

\* Unpaid Special Assessments shall consist of the total principal sum of all unpaid special assessments previously levied or proposed to be levied other than in the current proceedings.

\*\* True Value of Parcels means the total value of the land and improvements as estimated and shown on the last equalized roll of the County or as otherwise reasonably calculated.

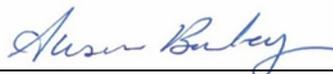
This report does not represent a recommendation of parcel value, economic viability or financial feasibility, as that is not the responsibility of the Assessment Engineer.

**CERTIFICATION**

I, the undersigned Assessment Engineer, do hereby certify that (i) the total amount of the principal sum of the special assessments proposed to be levied, together with the principal amount of previously levied special assessments, as set forth above, do not exceed one-half (1/2) the total true value of the parcels proposed to be assessed, and (ii) the amount proposed to be assessed upon any parcel does not exceed one-half of the true value of the parcel.

EXECUTED on January 25, 2021.

HARRIS & ASSOCIATES



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ALISON M. BOULEY, P.E.  
R.C.E. NO. C61383  
ASSESSMENT ENGINEER  
CITY OF NEWPORT BEACH  
COUNTY OF ORANGE, STATE OF CALIFORNIA



## **Exhibit 1 Method and Formula of Assessment Spread**

Since the improvements are to be funded by the levying of assessments, the "Municipal Improvement Act of 1913" and Article XIID of the State Constitution require that assessments must be based on the special benefit that the properties receive from the works of improvement. In addition, Section 4 of Article XIID of the State Constitution requires that a parcel's assessment may not exceed the reasonable cost of the proportional special benefit conferred on that parcel. Section 4 provides that only special benefits are assessable and the local agency levying the assessment must separate the general benefits from the special benefits. It also provides that parcels within a district that are owned or used by any public agency, the State of California, or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit. Neither the Act nor the State Constitution specifies the method or formula that should be used to apportion the costs to properties in any special assessment district proceedings.

The responsibility for recommending an apportionment of the costs to properties which specially benefit from the improvements rests with the Assessment Engineer, who is appointed for the purpose of making an analysis of the facts and determining the correct apportionment of the assessment obligation. In order to apportion the assessments to each parcel in direct proportion with the special benefit which it will receive from the improvements, an analysis has been completed and is used as the basis for apportioning costs to each property within the Assessment District.

Based upon an analysis of the special benefit to be received by each parcel from the construction of the works of improvement, the Assessment Engineer recommends the apportionment of costs as outlined below. The final authority and action rests with the City Council after hearing all testimony and evidence presented at a public hearing, and tabulating the assessment ballots previously mailed to all record owners of property within the Assessment District. Upon the conclusion of the public hearing, the City Council must make the final determination whether or not the assessment spread has been made in direct proportion to the special benefits received by each parcel within the Assessment District. Ballot tabulation will be done at that time and, if a majority of the returned ballots weighted by assessment amount are not in opposition to the Assessment District, the City Council may form the Assessment District.

The following sections set forth the methodology used to apportion the costs of the improvements to each parcel.

### **SEPARATION OF GENERAL AND SPECIAL BENEFITS**

Under Article XIID, only special benefits may be assessed, and it is the responsibility of the Assessment Engineer to identify, quantify, and exclude general benefits from the assessment that is apportioned to parcels in proportion to the special benefit they will receive from the improvements. As stated in the "Proposition 218 Guide for Special Districts" prepared by the California Special Districts Association, the requirement that a public agency separate the general benefits from the special benefits helps ensure that the special benefit requirement is met. As defined in Article XIID, "special benefit" means a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large.

The benefits associated with the undergrounding of overhead utilities are related to increased



reliability, improved neighborhood aesthetics, enhanced safety, and the removal of obstructions to views of the Marina and or Pacific Ocean. The specific location and nature of the undergrounding project will determine if the benefits are a “general benefit” or provide a “special benefit” to parcels within the Assessment District, or a combination of both.

### **GENERAL BENEFIT**

In this particular assessment district, the streets along which the existing overhead utility facilities are being undergrounded function as local and collector streets. None of the roadways are designated as an arterial, a major arterial or a scenic corridor in the Transportation Element of the City's General Plan. Furthermore, the City has an established network of arterial streets which appear to function as intended to provide for the movement of traffic around and through the community at large without the need to utilize local collector streets for such purposes. Under these circumstances, any use of the streets within the Assessment District as “through” streets is incidental.

With the exception of certain properties (Assessment Numbers 1), the properties situated within the Assessment District are used as residential. Under this circumstance, the impacts, both visual and safety, are largely isolated to those properties (and the persons who inhabit them) which front on these local streets and alleys, with only incidental impacts on those who visit homes within the Assessment District or who pass through the Assessment District on trips originating outside the boundary or have a destination outside the boundary.

Based on these facts and circumstances, any general benefits to the property within the Assessment District in general, to the surrounding community, and to the public at large from the project of undergrounding these local overhead utility facilities on the local streets and alleys, such as to the general public visiting in cars, on bikes or on foot, are incidental and do not exceed five percent (5%) of the estimated project costs. This general benefit portion of the cost is more than offset by the estimated 20 percent (20%) utility company contribution which is accounted for in the Southern California Edison Utility Engineering and Construction unit cost as shown in Part II. Therefore, the remainder of the project design and construction costs represents the local and special benefits to the parcels within the Assessment District. Because only the net amount of \$1,445,000 is apportioned to the parcels within the District, no parcel is assessed more than its proportional share of the special benefits from the improvements.

### **SPECIAL BENEFITS**

While the courts have found that a general enhancement of property value does not constitute “special benefit” (*Silicon Valley Taxpayers' Ass'n v. Santa Clara Cnty. Open Space Authority*) if an assessment district is narrowly drawn so that parcels that benefit in a way that is particular and distinct from parcels outside of the district or the public at large, they are deemed to receive a special benefit. Specifically, the undergrounding of existing overhead utilities adjacent to parcels on the streets which provide ingress/egress to each parcel provides a particular and distinct benefit to those parcels that is not realized by other parcels or to the public at large. The courts have found that the characterization of a benefit (special vs. general) may depend on whether parcels within a district receive a direct advantage from the improvement based upon their proximity to the improvement, or receive an “indirect, derivative advantage resulting from the overall public benefits of the improvement” (e.g., general enhancement of the district's property values).



The purpose of this Assessment District is to provide the financing to underground existing overhead electrical, telephone and cable facilities as well as rehabilitate the affected portions of streets and alleys within the District. These facilities are the direct source of service to the properties within the Assessment District.

The proposed replacement of existing overhead utility facilities (power, telephone and cable facilities) with underground facilities and removal of the existing utility poles and overhead wires will provide a special benefit to the parcels connected to, adjacent to or in near proximity of the facilities as follows:

- **Improved Aesthetics Benefit.** This benefit relates to the improved aesthetics of the streetscape due to the removal of overhead wires and utility poles. For the purposes of this report, a street is defined as either a street or alley. The removal of guy wires and other support structures related to the overhead facilities are included in the definition of improved aesthetics. Properties that are directly adjacent to or in close proximity to overhead facilities receive an aesthetic benefit. This benefit is based on the area of the parcel.
- **Additional Safety Benefit.** This benefit relates to the additional safety of having the overhead distribution wires placed underground and having the power poles removed, which eliminates the threat of downed utility lines and poles due to wind, rain and other unforeseeable events. Falling facilities can lead to personal injuries and damage to structures, including fire. Access by emergency vehicles can also be blocked by downed power lines. Properties that have a frontage along which the existing overhead utilities will be removed receive a safety benefit. This benefit is equal for all parcels receiving this benefit and is therefore based on the average parcel area within the Assessment District boundary.
- **Connection Benefit.** This benefit relates to the enhanced reliability of service from the utilities being underground, due to having all new wires and equipment and having that equipment underground, which reduces the threat of service interruption from downed lines. When compared to overhead systems, fewer outages occur due to various acts of nature, traffic collisions and obstructions (such as trees). Properties that are connected to the facilities proposed to be undergrounded receive a connection benefit. This benefit is equal for all parcels receiving this benefit that have a singular connection and is based on the average parcel area within the assessment district boundary. Parcels with more than one separate connections receive an increased benefit calculated by multiplying the number of connections by the average parcel area within the assessment district boundary.
- **View Enhancement Benefit.** This benefit relates to the enhanced view as a direct result of the utilities being underground. Properties that receive a view benefit face the bay and/or the Pacific Ocean and are located along, or have a view down, Santa Ana Avenue. This benefit is equal for all parcels receiving this benefit and is therefore based on the average parcel area within the Assessment District boundary.

By virtue of such special benefits, the proposed improvements will provide a higher level of service, increase the desirability of the properties, and will specifically enhance the values of the properties within the Assessment District. Therefore, the proposed improvements are of direct and special benefit to these properties.

## METHODOLOGY

Based upon the findings described above, the special benefit received by the properties within the boundaries of the Assessment District is the conversion from an overhead to an underground utility



system resulting in additional safety, enhanced reliability, view enhancements and improved aesthetics to the adjacent properties.

Based on these conditions, it is our conclusion that the improvements specially benefit all assessed properties in the Assessment District.

To establish the benefit to the individual parcels within the Assessment District, the highest and best use of each property is considered. For example, a vacant property is considered developed to its highest potential and connected to the system.

The more a property is developed, the more it benefits from the proposed improvements. Most of properties within this Assessment District are zoned residential and some have one or two dwelling units on them. There is a direct correlation between the size of a property and the extent to which a property may develop. Because parcel size is one of the main limiting factors for what can be built on a property, or the extent the property is developed, the size of each parcel is used as the base unit for measuring benefit.

Consideration was given to reducing the amount of area assigned to parcels based upon the building setbacks applicable to each parcel. Due to the combined factors of (a) significant variations in the setback requirements, including front, side and rear setbacks, (b) availability of future variances from currently applicable setback requirements as well as existing variances already in place, and (c) significant variations in the ratios between building size and lot size, it was concluded that adjustments to parcel areas on account of setback requirements would not improve upon the assessment methodology. Accordingly, no reductions have been made to parcel area based upon applicable setback requirements or the existence of easements within those setbacks.

The special benefits from the undergrounding of overhead utilities are categorized into the four (4) distinct benefits identified above. All parcels within the District receive a combination of the identified benefits below, a majority of the parcels receive 3 of 4 benefits. Parcels are assigned one (1) Benefit Factor for each of the four respective criterion based on whether or not they receive a special benefit in that criterion with the exception of any adjustments as described in the Parcel Benefit Assignment section below.

For the Improved Aesthetics Benefit, each parcel is considered to receive an Aesthetics Benefit Factor of one (1) if the parcel fronts a street on which the existing overhead utilities will be removed and undergrounded as part of this project. The parcels Aesthetics Benefit Factor is multiplied by the parcels adjusted parcel area to determine the "Aesthetics Benefit Area".

For the "Additional Safety Benefit", each parcel is considered to receive one (1) Safety Benefit Factor if the parcel has a frontage along which the existing overhead utilities will be removed and access by emergency vehicles can also be blocked by downed power lines. The parcels Safety Benefit Factor is multiplied by the average adjusted parcel size within the District, 7,761 square feet, to determine the "Safety Benefit Area".

For the Connection Benefit, each parcel is assigned one (1) Connection Benefit Factor if the parcel will connect to the underground system constructed as a result of this project. The parcels Connection Benefit Factor is multiplied by the average adjusted parcel area within the District, 7,761 square feet, to determine "Connection Benefit Area".



For the View Enhancement Benefit, each parcel is assigned one (1) View Enhancement Benefit Factor if the parcel has a view of the Bay and or Pacific Ocean along, or looking down, Santa Ana Avenue that will be enhanced by the removal of the existing overhead utilities as part of this project. The parcels View Enhancement Benefit Factor is multiplied by the average adjusted parcel area within the District, 7,761 square feet, to determine "View Enhancement Benefit Area".

The Assessed Benefit Area per parcel is equal to the Aesthetics Benefit Area plus the Safety Benefit Area plus the Connection Benefit Area plus the View Enhancement Benefit, divided by 4. See Appendix A for the assessment calculations for each parcel within the District.

### **Parcel Benefit Assignment**

The following are the specific benefit assignment to parcels within the District as defined in the above methodology. All exceptions to the methodology are described herein.

1. Assessment No. 1. This property is deemed to receive no Improved Aesthetic Benefit or View Enhancement Benefit from the undergrounding project, as they have no direct frontage where the utility lines are proposed to be undergrounded and the utility lines being undergrounded are at the rear of the parcel. The property is considered to receive a reduced Additional Safety Benefit of approximately 50 percent as the locations of the poles and lines included in the undergrounding project may damage persons and property but would not impede access to the property. The property is considered to receive a full Connection Benefit from the undergrounding project.
2. Assessment Nos. 2-11 and 17-18: These properties are deemed to receive no Connection Benefit from the undergrounding project, as the properties' connections are located in the alleys at the rear of the parcels which are not included in this undergrounding project. These properties are considered to receive full Improved Aesthetics, Additional Safety, and View Enhancement Benefits from the undergrounding project.
3. Assessment No. 12-13 and 19: These properties are deemed to receive no Connection Benefit or View Enhancement Benefit from the undergrounding project and receive a reduced Improved Aesthetics Benefit of approximately 50 percent as these parcels will have overhead lines remaining along one of their frontages. The properties receive no Connection Benefit as these parcels are served from poles that are located in the alleys at the rear of the parcels which are not included in this undergrounding project. The properties receive no View Enhancement Benefit as these parcels do not have a view of the Bay or the Pacific Ocean that will be enhanced by the removal of the existing overhead utilities included in the undergrounding project. While Assessment No. 19 has a pole remaining along its frontage it is deemed to receive a full safety benefit as the remaining overhead utilities are telecommunication lines and are not power transmission lines. The properties are considered to receive full Additional Safety Benefits from the undergrounding project.
4. Assessment Nos. 14-16: These properties are deemed to receive no Connection Benefit or View Enhancement Benefit from the undergrounding project. The properties receive no Connection Benefit as these parcels are served from poles that are located in the alleys at the rear of the parcels which are not included in this undergrounding project. The properties receive no View Enhancement Benefit as these parcels do not have a view of the Bay or the Pacific Ocean that will be enhanced by the removal of the existing overhead utilities included in the undergrounding project. The properties are considered to receive full Improved Aesthetics and Additional Safety Benefits from the undergrounding project.



5. Assessment No. 20: This property is deemed to receive no View Enhancement Benefit as this parcel does not have a view of the Bay or the Pacific Ocean that will be enhanced by the removal of the existing overhead utilities included in the undergrounding project. The property is considered to receive full Improved Aesthetics, Additional Safety, and Connection Benefits from the undergrounding project.
6. Assessment No. 21 and 22: These properties are deemed to receive no View Enhancement Benefit and a reduced Improved Aesthetics Benefit from this undergrounding project. The Properties receive no View Enhancement Benefit, as these parcels do not have a view of the Bay or the Pacific Ocean that will be enhanced by the removal of the existing overhead utilities included in the undergrounding project. These properties receive a reduced Improved Aesthetics Benefit of 60 percent as approximately 40 percent of the parcel is undevelopable due to the steep slope of the lot. Only the developable portion of the lot is assessed a benefit for Improved Aesthetics Benefit. This reduction is calculated by utilizing the adjusted parcel size in the Aesthetics Benefit Area calculation. The property is considered to receive full Additional Safety and Connection Benefits from the undergrounding project.
7. Assessment No. 23: This property is deemed to receive a reduced Improved Aesthetics Benefit and an increased Connection Benefit from this undergrounding project. The property receives a reduced Improved Aesthetics Benefit of approximately 60 percent as approximately 40 percent of the parcel is undevelopable due to the steep slope of the lot. Only the developable portion of the lot is assessed a benefit for Improved Aesthetics Benefit. This reduction is calculated by utilizing the adjusted parcel size in the Aesthetics Benefit Area calculation. In addition to the reduced Improved Aesthetics Benefit, this property receives an increased connection benefit of approximately 100 percent as the property has a separate connection for each of the dwelling units on the property. The property is considered to receive full Additional Safety and View Enhancement Benefits from the undergrounding project.

#### **ASSESSMENT APPORTIONMENT**

Each parcel will be apportioned its fair share of the construction costs based on the Assessed Benefit Area calculated for each property.

Incidental Expenses and Financial Costs have been assessed to the entire Assessment District on a prorata basis relative to the total construction cost allocations.



The individual assessment calculations are provided in Appendix A. For particulars to the Assessment Roll, reference is made to Table 1 in Part III of this report.

In conclusion, it is my opinion that the assessments for the referenced Assessment District have been spread in direct accordance with the special benefits that each parcel receives from the works of improvement.

DATED: January 25, 2021

HARRIS & ASSOCIATES



A handwritten signature in blue ink that reads "Alison Bouley".

ALISON M. BOULEY, P.E.  
R.C.E. No. C61383  
ASSESSMENT ENGINEER  
CITY OF NEWPORT BEACH  
COUNTY OF ORANGE, STATE OF CALIFORNIA



I, \_\_\_\_\_, as CITY CLERK of the CITY OF NEWPORT BEACH, CALIFORNIA do hereby certify that the foregoing Assessment, together with the Diagram attached thereto, was filed in my office on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
CITY CLERK  
CITY OF NEWPORT BEACH  
STATE OF CALIFORNIA

I, \_\_\_\_\_, as CITY CLERK of the CITY OF NEWPORT BEACH, CALIFORNIA do hereby certify that the foregoing Assessment, together with the Diagram attached thereto, was preliminarily approved by the City Council of the CITY OF NEWPORT BEACH, CALIFORNIA, on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
CITY CLERK  
CITY OF NEWPORT BEACH  
STATE OF CALIFORNIA

I, \_\_\_\_\_, as CITY CLERK of the CITY OF NEWPORT BEACH, CALIFORNIA do hereby certify that the foregoing Assessment, together with the Diagram attached thereto, was approved and confirmed by the City Council of said City on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
CITY CLERK  
CITY OF NEWPORT BEACH  
STATE OF CALIFORNIA

I, \_\_\_\_\_, as SUPERINTENDENT OF STREETS of the CITY OF NEWPORT BEACH, CALIFORNIA do hereby certify that the foregoing Assessment, together with the Diagram attached thereto, was recorded in my office on the \_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
SUPERINTENDENT OF STREETS  
CITY OF NEWPORT BEACH  
STATE OF CALIFORNIA



## Part IV Annual Administrative Assessment

An amount shall be added to each annual installment of the unpaid assessments to pay costs incurred by the City and not otherwise reimbursed, which result from the administration of the bonds and reserve or other related funds, all as set forth in Section 10312 of the Act. The maximum annual administrative assessment is authorized pursuant to the provisions of Section 10204(f) of the Streets and Highways Code and shall not exceed fifty dollars (\$50.00) per parcel per year, subject to an annual increase based on the Consumer Price Index (CPI), during the preceding year ending in January, for all Urban Consumers in the Los Angeles, Riverside, and Orange County Areas. The exact amount of the administration charge will be established each year by the Superintendent of Streets.

It should be expressly understood that the annual administrative assessment, as set forth above, is separate from and is in addition to the \$16.00 per parcel collection fee which will be added to each annual installment pursuant to Section 8682 of the California Streets and Highways Code, and is further separate from and in addition to specific fees payable to the City in connection with (a) prepayments of assessments by property owners, (b) apportionments of assessments to reflect divisions of parcels and (c) late charges and penalties which become payable in the event of delinquency in the payment of assessment installments by December 10 and April 10 each year.

The above fees and assessments (except those for prepayments and apportionments) will be collected in the same manner and in the same installments as the assessment levied to pay for the cost of the works of improvement.

Properties that have paid their assessments in full will not be subject to this annual administrative assessment.



## **Part V**

### **Diagram of Assessment**

A reduced copy of the Assessment Diagram is attached hereto. Full-sized copies of the Boundary Map and Assessment Diagram are on file in the Office of the City Clerk, of the City of Newport Beach.

As required by the Act, the Assessment Diagram shows the exterior boundaries of the Assessment District and the assessment number assigned to each parcel of land corresponding to its number as it appears in the Assessment Roll contained in Part III Table 1. The Assessor's Parcel Number is also shown for each parcel as they existed at the time of the passage of the Resolution of Intention and reference is hereby made to the Assessor's Parcel Maps of the County of Orange for the boundaries and dimensions of each parcel of land.





## Part VI Description of Facilities

Section 10100 of the Act provides for the legislative body of any municipality to finance certain capital facilities and services within or along its streets or any public way or easement. The following is a list of proposed improvements as allowed under the Act to be installed, or improved under the provisions of the Act, including the acquisition of required right-of-way and/or property. For the general location of the improvements to be constructed reference is hereby made to the Plans and Specifications described in Part I of this report.

The following improvements are proposed to be constructed and installed in the general location referred to as Assessment District No. 120.

1. Acquisition of any required easements or rights-of-way.
2. Removal of existing utility poles.
3. Removal of overhead service drops.
4. Construction of mainline underground power, telephone and cable conduit, with appurtenant manholes and pullboxes, and installation of cabling, wiring and other facilities.
5. Construction of service conduit and appurtenances.

The improvements will be designed by the Southern California Edison Company, AT&T, and Spectrum. The utility companies will be responsible for inspecting the work for their facilities and the City of Newport Beach will inspect the work to ensure conformance to City standards and specifications where applicable.

The City will also construct additional pavement rehabilitation as needed for the project.

Once completed, the underground facilities will become the property and responsibility of Southern California Edison Company, AT&T, and Spectrum.

Each owner of property located within the Assessment District will be responsible for arranging for and paying for work on his or her property necessary to connect facilities constructed by the public utilities in the public streets and alleys to the points of connection on the private property. Conversion of individual service connections on private property is not included in the work done by the Assessment District.

The estimated time for completion of the undergrounding of the utilities is 36 months after the sale of bonds. Property owners will be required to provide necessary underground connections within 120 days of the completion of the underground facilities.

Failure to convert individual service connections on private property may result in a recommendation to the City Council that the public utilities be directed to discontinue service to that property pursuant to Section 15.32 of the Municipal Code. Overhead facilities cannot be removed until all overhead service has been discontinued.



## Right-of-Way Certificate

**STATE OF CALIFORNIA  
COUNTY OF ORANGE  
CITY OF NEWPORT BEACH**

The undersigned hereby CERTIFIES UNDER PENALTY OF PERJURY that the following is all true and correct.

That at all time herein mentioned, the undersigned was, and now is, the authorized representative of the duly appointed SUPERINTENDENT OF STREETS of the CITY OF NEWPORT BEACH, CALIFORNIA.

That there have now been instituted proceedings under the provisions of Article XIID of the California Constitution, and the "Municipal Improvements Act of 1913," being Division 12 of the Streets and Highways Code of the State of California, for the construction of certain public improvements in a special assessment district known and designated as ASSESSMENT DISTRICT NO. 120 (hereinafter referred to as the "Assessment District").

THE UNDERSIGNED STATES AND CERTIFIES AS FOLLOWS:

All easements or right-of-way necessary for the construction and installation of the public improvements of the Assessment District either have been obtained or are in process of being obtained and will be obtained and in the possession of the affected utility company, the City, the County of Orange or the State of California prior to commencement of the construction and installation of such public improvements.

EXECUTED this \_\_\_\_ day of \_\_\_\_\_, 2021, at CITY OF NEWPORT BEACH, CALIFORNIA.

SUPERINTENDENT OF STREETS  
CITY OF NEWPORT BEACH  
STATE OF CALIFORNIA

By: \_\_\_\_\_  
DAVID WEBB, PE



## Certificate of Completion of Environmental Proceedings

**STATE OF CALIFORNIA  
COUNTY OF ORANGE  
CITY OF NEWPORT BEACH**

The undersigned, under penalty of perjury, CERTIFIES as follows:

1. That I am the person who authorized to prepare and process all environmental documentation as needed as it relates to the formation of the special Assessment District being formed pursuant to the provisions of the "Municipal Improvement Act of 1913" being Division 12 of the Streets and Highways Code of the State of California, said special Assessment District known and designated as UNDERGROUND UTILITY ASSESSMENT DISTRICT NO. 120 (hereinafter referred to as the "Assessment District").
2. The specific environmental proceedings relating to this Assessment District that have been completed are as follows:

CEQA compliance review:

The proposed project is Categorically Exempt (Class 2) from the provisions of CEQA (replacement or reconstructions).

3. I do hereby certify that all environmental evaluation proceedings necessary for the formation of the Assessment District have been completed to my satisfaction, and that no further environmental proceedings are necessary.

EXECUTED this \_\_\_\_ day of \_\_\_\_\_, 2021, at CITY OF NEWPORT BEACH, CALIFORNIA.

By: \_\_\_\_\_  
DAVID WEBB, P.E.  
CITY OF NEWPORT BEACH  
STATE OF CALIFORNIA



Appendix A - Assessment Calculations

Property Address	Assmnt No.	Assessor's Parcel		Adjusted Parcel Size (SF)	Aesthetics Benefit Factor	Aesthetics Benefit Area	Safety Benefit Factor	Safety Benefit Area	Connection Benefit Factor	Connection Benefit Area	View Benefit Factor	View Benefit Area	Assessed Benefit Area	Total Construction Costs	Incidental Expenses	Financial Costs	Total Assessment	
		Number	Size (SF)															
3334 W COAST HWY	1	049-110-01	31,154	31,154	-	-	0.5	4,505	1	7,761	-	-	3,066	\$ 29,138.26	\$ 6,803.79	\$ 2,387.29	\$ 38,329.34	
201 SANTA ANA AVE	2	425-383-19	5,160	5,160	1	5,160	1	7,761	-	-	1	7,761	5,171	\$ 49,132.26	\$ 11,472.39	\$ 4,025.40	\$ 64,630.05	
209 SANTA ANA AVE	3	425-383-18	4,080	4,080	1	4,080	1	7,761	-	-	1	7,761	4,901	\$ 46,566.66	\$ 10,873.33	\$ 3,815.20	\$ 61,255.19	
215 SANTA ANA AVE	4	425-383-17	4,131	4,131	1	4,131	1	7,761	-	-	1	7,761	4,913	\$ 46,687.81	\$ 10,901.62	\$ 3,825.13	\$ 61,414.56	
217 SANTA ANA AVE	5	425-383-16	3,870	3,870	1	3,870	1	7,761	-	-	1	7,761	4,848	\$ 46,067.79	\$ 10,756.84	\$ 3,774.33	\$ 60,598.96	
221 SANTA ANA AVE	6	425-383-15	4,550	4,550	1	4,550	1	7,761	-	-	1	7,761	5,018	\$ 47,683.17	\$ 11,134.03	\$ 3,906.68	\$ 62,723.88	
225 SANTA ANA AVE	7	425-383-14	4,601	4,601	1	4,601	1	7,761	-	-	1	7,761	5,031	\$ 47,804.33	\$ 11,162.32	\$ 3,916.60	\$ 62,883.25	
231 SANTA ANA AVE	8	425-383-13	4,601	4,601	1	4,601	1	7,761	-	-	1	7,761	5,031	\$ 47,804.33	\$ 11,162.32	\$ 3,916.60	\$ 62,883.25	
233 SANTA ANA AVE	9	425-383-12	4,600	4,600	1	4,600	1	7,761	-	-	1	7,761	5,031	\$ 47,801.95	\$ 11,161.77	\$ 3,916.41	\$ 62,880.13	
237 SANTA ANA AVE	10	425-383-20	4,601	4,601	1	4,601	1	7,761	-	-	1	7,761	5,031	\$ 47,804.33	\$ 11,162.32	\$ 3,916.60	\$ 62,883.25	
3001 CLIFF DR	11	425-383-21	4,600	4,600	1	4,600	1	7,761	-	-	1	7,761	5,031	\$ 47,801.95	\$ 11,161.77	\$ 3,916.41	\$ 62,880.13	
3011 CLIFF DR	12	425-383-10	4,601	4,601	0.5	2,301	1	7,761	-	-	-	-	2,515	\$ 23,902.16	\$ 5,581.16	\$ 1,958.30	\$ 31,441.62	
3015 CLIFF DR	13	425-383-09	4,601	4,601	0.5	2,301	1	7,761	-	-	-	-	2,515	\$ 23,902.16	\$ 5,581.16	\$ 1,958.30	\$ 31,441.62	
3016 CLIFF DR	14	049-101-05	6,500	6,500	1	6,500	1	7,761	-	-	-	-	3,565	\$ 33,878.32	\$ 7,910.60	\$ 2,775.65	\$ 44,564.57	
3012 CLIFF DR	15	049-101-06	6,625	6,625	1	6,625	1	7,761	-	-	-	-	3,597	\$ 34,175.27	\$ 7,979.93	\$ 2,799.98	\$ 44,955.18	
3008 CLIFF DR	16	049-101-07	6,625	6,625	1	6,625	1	7,761	-	-	-	-	3,597	\$ 34,175.27	\$ 7,979.93	\$ 2,799.98	\$ 44,955.18	
3004 CLIFF DR	17	049-101-08	6,625	6,625	1	6,625	1	7,761	-	-	1	7,761	5,537	\$ 52,612.46	\$ 12,285.02	\$ 4,310.53	\$ 69,208.01	
3000 CLIFF DR	18	049-101-09	6,625	6,625	1	6,625	1	7,761	-	-	1	7,761	5,537	\$ 52,612.46	\$ 12,285.02	\$ 4,310.53	\$ 69,208.01	
2948 CLIFF DR	19	049-102-04	6,098	6,098	0.5	3,049	1	7,761	-	-	-	-	2,703	\$ 25,680.27	\$ 5,996.35	\$ 2,103.98	\$ 33,780.60	
2949 CLIFF DR	20	049-103-08	11,200	11,200	1	11,200	1	7,761	1	7,761	-	-	6,681	\$ 63,480.64	\$ 14,822.74	\$ 5,200.96	\$ 83,504.34	
2953 CLIFF DR	21	049-103-03	10,737	6,442	1	6,442	1	7,761	1	7,761	-	-	5,491	\$ 52,178.21	\$ 12,183.62	\$ 4,274.96	\$ 68,636.79	
2957 CLIFF DR	22	049-103-02	27,776	16,666	1	16,666	1	7,761	1	7,761	-	-	8,047	\$ 76,464.50	\$ 17,854.48	\$ 6,264.73	\$ 100,583.71	
2961 CLIFF DR	23	049-103-01	33,253	19,952	1	19,952	1	7,761	2	15,522	1	7,761	12,749	\$ 121,145.44	\$ 28,287.49	\$ 9,925.45	\$ 159,358.38	
														<b>Total</b>	<b>\$1,098,500.00</b>	<b>\$256,500.00</b>	<b>\$90,000.00</b>	<b>\$1,445,000.00</b>